

POWERLINE

NEWSLETTER OF THE SOUTHEASTERN POWER ADMINISTRATION

SUMMER 2006



CFO Field Conference

Washington, DC
August 16-17, 2006

COE, South Atlantic Division Change of Command

Ft. McPherson – Atlanta, GA
August 21, 2006

AMEA 25th Anniversary Celebration

Montgomery, AL
August 24, 2006

Charles Borchardt's Last Day of Work at SEPA

September 1, 2006

SERC Fall Conference

Richmond, VA
October 16-18, 2006

SeFPC, Inc. Quarterly Meeting

Atlanta, GA
October 24, 2006

Jon Worthington Selected as New Administrator

Jon Worthington was selected to succeed Charles Borchardt who will retire in September 2006. Jon currently serves as Deputy Assistant Administrator for Southeastern and Southwestern Power Administrations at the Department of Energy's Power Marketing Liaison Office in Washington, DC. Jon's appointment will be effective October 1, 2006.



New Division Engineer Named at South Atlantic Division, COE

Brigadier General Joseph Schroedel has been named Commanding General for the South Atlantic Division, Corps of Engineers. General Schroedel will replace Brigadier General Michael Walsh, effective August 21, 2006. General Schroedel comes to Atlanta from San Francisco where he is Commanding General of the South Pacific Division, Corps of Engineers.

Kerr-Philpott Rate Adjustment

The comment period on proposed rate schedules for the Kerr-Philpott System ended June 8, 2006. Based on comments received, Southeastern is revising the proposed rate schedules. The revised proposed rate adjustment is an increase of about 12 percent which includes a true-up on January 1 of each year based on transfers to plant in-service each fiscal year. The proposed rate schedules also include a rate schedule to pass through the cost of replacement energy. Southeastern plans to submit the proposed rate schedules to the Deputy Secretary, Department of Energy, with a request for approval on an interim basis.

The proposed rates that would be effective October 1, 2006, are \$2.35 per kilowatt per month for capacity, and 9.38 mills per kilowatt-hour for energy. The capacity charge and the energy charge would be subject to annual adjustment on January 1 of each year based on transfers to plant in-service for the preceding fiscal year that are not included in the proposed repayment study. The adjustment would be for each increase of \$1,000,000 to plant in-service, an increase of \$0.01 per kilowatt per month added to the capacity charge, and 0.04 mills per kilowatt-hour added to the energy charge.



Project Review Committee Approves Work Items

On June 20, 2006, the Georgia-Alabama-South Carolina Project Review Committee approved Work Item No. 3 - unit #2 generator rehabilitation at the West Point powerhouse, and unit #3 brush rigging replacement at the Carter's powerhouse. The sub-agreement for Work Item No. 3 is being finalized and will be signed soon. The funding requirement for this work item is \$65,000 for the Carter's powerhouse (scheduled to be completed by October 2006), and \$1,900,000 for the West Point powerhouse (scheduled to be completed by March 2007), totaling \$1,965,000. There are 135 preference customers participating in the funding of Work Item No. 3.

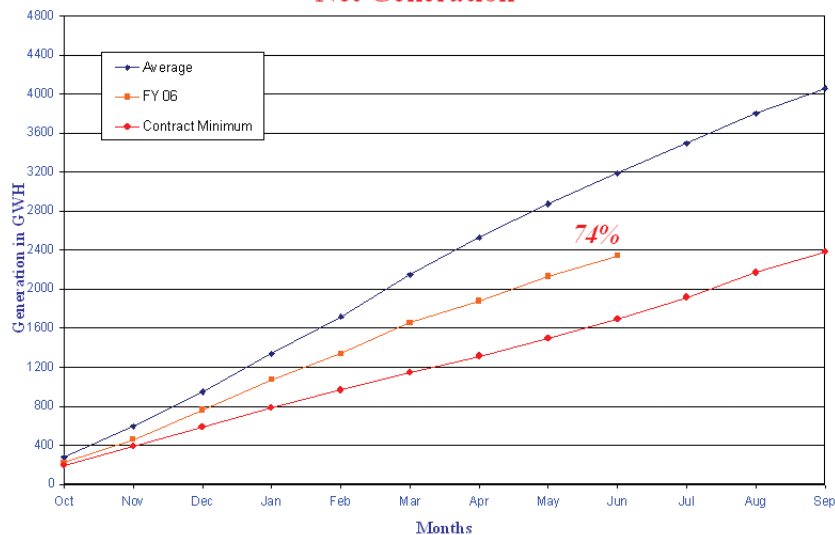


Customer Contracts in Dominion Virginia Power Service Area

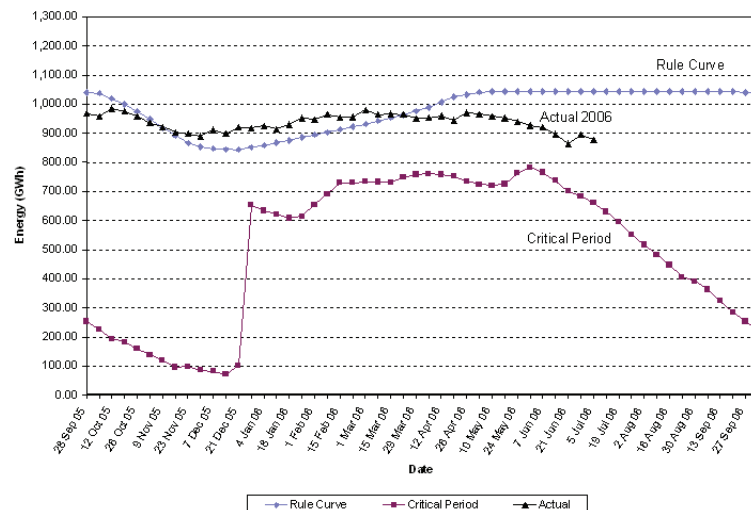
New preference customer contracts were executed in the entire VEPCO (Dominion Virginia Power) service area to incorporate the integration of Dominion Virginia Power into PJM. Southeastern

returned two original executed copies of these contracts back to the preference customers for their records. This service area includes the scheduling groups of Old Dominion Electric Cooperative and the North Carolina Electric Membership Corporation.

GA-AL-SC System FY 06 Cumulative Net Generation



GEORGIA-ALABAMA-SOUTH CAROLINA SYSTEM Energy-In-Storage 2006



Note: The critical period is Calendar Year 1981.

PLANT AVAILABILITY/CAPACITY UPDATE: APRIL - JUNE 2006

GA-AL-SC Availability

West Point: #2:

- Windings and laminations selected as a customer-funded work item for 2006

West Point #3:

- Rewind funded for 2006
- Contract to be awarded by mid August 2006
- Work to begin fall 2006

Carters #3 (140 MWs):

- Work continues on unit
- Scheduled to return November 2006
- Customer-funded generator stator work underway
- Brush rigging replacement selected as a customer-funded work item

George #1 (42 MWs):

- Rehabilitation work continuing
- Scheduled to return early August 2006

George #2 (42 MWs):

- Unit return delayed due to head cover problem
- Unit expected to return to service December 2006

Russell #1 and #2:

- Exciter installation completed
- Customer-funded item

Russell #3:

- Work to be completed first week of September 2006
- Customer-funded item

Russell #4:

- Work in progress
- To be completed August 4, 2006
- Customer-funded item

Jim Woodruff Availability

- One unit out at a time for installation of unit control system
- Expected to be out of service approximately 6 weeks per unit
- SCADA System to be completed during this period (September – December 2006)
- One hour per day of peaking operations, if available, is minimizing the purchase of support capacity and firming energy
- One hour peaking operation suspended effective 12:00 midnight, July 21, 2006

Kerr-Philpott Availability

John H. Kerr (14 MWs):

- Unit #1 rehabilitation in progress
- Return to service November 2006
- Discussions continue with contractor regarding contract dispute

Cumberland Availability

Wolf Creek #4:

- Nashville District, COE is attempting to identify funding that could be used to complete the rewind
- Work scheduled to begin October 2006

Wolf Creek #6:

- Customer-funded rewind to begin upon completion of Unit #4

Center Hill:

- Customer-funded work begun on overhead crane
- Completed by December 2006
- Unit #2 out due to cooler problems. Proposed as a customer-funded work item

Old Hickory #3:

- Out due to oil leak